

STANDARD AGREEMENT
STD 213 (Rev 06/03)

AGREEMENT NUMBER
REGISTRATION NUMBER

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME

CONTRACTOR'S NAME

2 The term of this Agreement is: through

3. The maximum amount \$ of this Agreement is:



4. The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of the Agreement.

Exhibit A - Scope of Services (2 Pages)
Exhibit B – Budget Detail and Payment Provisions (1 Page)
Exhibit C* – General Terms and Conditions (GTC -103) (4 Pages)
Exhibit D* – Contractor Certification Clauses (CCC 103) (4 Pages)
Exhibit E – Special Terms and Conditions (12 pages)
Exhibit F – Contractor's fee Schedule (1 Page)
Rider A – Task Schedule (Sample) (9 Pages)

Bidders proposal is hereby incorporated as part of this contract.

Items shown with an Asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto. Exhibits C and D can be accessed at the following website:
<http://www.ols.dgs.ca.gov/Standard+Language/default.htm>

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR		California Department of General Services Use Only
CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.)		
BY (Authorized Signature) 	DATE SIGNED (Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING		
ADDRESS		
STATE OF CALIFORNIA		
AGENCY NAME		
BY (Authorized Signature) 	DATE SIGNED (Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING		
ADDRESS		
		<input type="checkbox"/> Exempt per:

SCOPE OF SERVICES REQUIREMENTS

A. CONTRACTOR RESPONSIBILITIES

Once this revenue maximization program is in place, State Agencies and Departments must communicate with multiple Contractors, which qualify for the MSA resulting from this RFP. Agencies and Departments may request qualified Contractors to examine internal procedures and available resources to assess the feasibility of a revenue maximization arrangement. Contractors would then provide a detailed proposal to the Agency or Department, including specific funds available, a detailed methodology to recover those funds and a reliable estimate of expected recoveries. Agencies and Departments would then select the Contractor with the lowest percentage of cost to the user. In instances where two or more contractors come back with the exact same percentage and are the lowest cost to the user, the user agency will then be free to choose from any of the lowest proposals.

Specific contractual terms for each partnership will be determined by the particular Agency or Department and selected Contractor. As a general guideline, contracts should be for one or two years, with an option for one or two additional years. It is essential that contractor compensation issues be resolved by interested parties, including the State Department of Finance, prior to initiation of a revenue maximization project. Department of General Services is to be consulted prior to and during the contract process.

B. STATE AND LOCAL AGENCY RESPONSIBILITIES

Upon initiation of the project, Contractors will be responsible for creation and implementation of a system to identify and recover all funds available to the sponsoring Agency or Department. Although this program is a partnership, and Contractors are expected to communicate and work in conjunction with State personnel, Contractors have the primary responsibility for the project and should have minimal impact on State staff. The expected time required by agency personnel will need to be identified in each proposal submitted by contractor. Contractors will be responsible for providing the Agency or Department with the required documentation and material necessary to recover the identified funds. It shall be unacceptable for Contractors to merely provide a study or recommendation of how the Agency or Department can recover the funds.

Contractors will be compensated strictly on a contingency basis, meaning that no payments will be made to the Contractor unless funds directly related to the contract are recovered. Payments shall be a percentage (within the range stated in Exhibit F) of all identified funds actually received by the State. Contractors shall not receive compensation for funds identified but not received by the State, or for those funds initially received by the State but subsequently returned to the federal government or other source. Contractors shall be compensated for recovered revenue identified during the course of the contract, but only for a pre-determined period and not indefinitely.

Contractors need to be aware that due to the State's complex fiscal structure that there could be significant delays from when funds are recovered to the time Contractors receive compensation.

This revenue maximization program is designed to capture revenue to which the State is entitled and eligible. Contractor solutions are not to create unlimited entitlements that will result in uncontrollable future liability. Contractors are not to duplicate those recoveries already completed or identified and ready for implementation by the State or other vendors under contract with the State.

At the completion of the contract, Contractors will be expected to turn over systems (i.e., methods, processes, etc.) developed during the course of the contract to the Agency or Department. Contractors should also provide sufficient direction and/or training for Agency or Department personnel to operate systems after completion of the contract.

C. CONTRACT COMPLIANCE

The State will be issuing Ordering Instructions when this contract is effective. Included in these Ordering Instructions are requirements to which contractors must adhere. Included among these requirements are the following:

- Task Schedules (from ordering agency)
- Start of Project Reporting
- Monthly/Quarterly Reporting
- End of Project Reporting
- DGS/OLS Reporting
- Changes in Contractor contact information

Exhibit B

BUDGET DETAIL AND PAYMENT PROVISIONS

1. Budget Contingency Clause

- A. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.
- B. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an agreement amendment to Contractor to reflect the reduced amount.

2. Prompt Payment Clause

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

SPECIAL TERMS AND CONDITIONS

1. General Terms and Conditions

- a. The purpose of this contract is to define certain tasks, establish the responsibilities for accomplishing these tasks, and prescribe the payment therefore. The contractor must adhere to the requirements in this exhibit, the other exhibits included in this contract, and the Master Services Agreement (MSA) Order.
- b. Contractor is prohibited from entering into any contract or other arrangement that creates a conflict of interest. For purposes of this contract, the term "conflict of interest" includes any contractual or other arrangement in which the Contractor agrees to advise or does advise any agency, entity or person on a subject related to or involving the relationship or potential relationship between that agency, entity or person and the public assistance program to which the bidder's proposal relates, unless the State has agreed in writing that the particular contract or other arrangement does not constitute a conflict of interest.

2. Definitions

The following terms are defined for purposes of this MSA and all exhibits included in the contract:

- a. Task Schedule - a detailed written proposal approved by the Contractor and the appropriate state representative which sets forth: the task description; a description of the opportunity; Contractor's responsibilities including staffing and deliverables and completion criteria; state responsibilities; timeframe and strategic plan; and the Contractor's invoicing process. The Task Schedule may also set forth certain periods during which the state department may, in its discretion, decline to go forward with the opportunity being developed by Contractor and may, in its discretion, decide that a claim shall not be filed based upon the advice of Contractor provided to date. If the Task Schedule does not set forth these periods, then the state department may decide, in the exercise of its discretion, at any time before filing a claim, that it will not file a claim. Under such circumstances, the state department's decision shall be final and shall not be subject to review. The task schedule may also set forth the process and time period within which Contractor will be paid, taking into consideration that Contractor can only be paid in accordance with the laws regarding appropriation of state funds in the state's annual budget as approved by the state Legislature and the Governor. The Task Schedule shall also contain a separate Baseline Letter which defines a baseline or starting point of existing revenues for calculating the additional revenues that the State receives as a result of Contractor's performance. These existing revenues will be the basis from which additional revenues shall be calculated as a result of Contractor's recommendations. The Baseline Letter methodology is dependent upon the type of revenue maximization project undertaken, and will be determined in negotiations between the State and Contractor and will be set forth in the Task Schedule. Any and all Task Schedules negotiated between the Contractor

EXHIBIT E

and the state shall be appended to and made a part of the Master Services Agreement order.

b. Master Services Agreement (MSA) Order – The form developed by the Department of General Services which must be completed and executed by the appropriate state representative, department and Contractor. Any amendments or modifications to a Task Schedule shall require the preparation and execution of Master Services Agreement Order amendment.

3. Funding

The State's obligation is payable only and solely from funds appropriated for the purpose of this Agreement. The State's monetary obligation under this Agreement in subsequent fiscal years is subject to and contingent upon availability of funds appropriated for the purpose of this Agreement. If sufficient appropriations of funds are not made for the purposes of this Agreement, this Agreement shall terminate upon written notice being given by the State to the Contractor. The State's decision as to whether sufficient appropriations are available for the purposes of this Agreement shall be accepted by the Contractor and shall be final.

4. Compensation:

The State will pay the Contractor based upon a percentage of the increase of the federal revenues received by the State in excess of the approved baseline as defined in the Task Schedule and Master Services Agreement Order.

5. Percentage Determination and Contractor Selection:

Since Contractors are able to offer a range for their percentage fee, the exact percentage must be determined before any work begins. This fee will be determined by the following procedure:

- a. State Initiated Situations: In cases where the State is aware of potential new sources of revenues, the State can create a brief description of the potential source and distribute the description to contractors who are on the Master List. Contractors will be instructed to respond back to the State with a specific fee within their proposed range of fees. The State may select the lowest contractor percentage to go after the new potential funds.
- b. Contractor Initiated Situations: In cases where a Contractor believes there are new sources of revenues available to the State, they are encouraged to present to the State a brief description of where they believe new funds could be obtained.

The Contractor will include in this description the following:

- Expected potential amount of funds.
- Amount of time it could take to receive the funds.

EXHIBIT E

- The estimated amount of State involvement.
- The probability of receiving the funds.
- The Contractor's fee of X% of new revenues.

A Contractor that initiates a proposal under this section expressly assumes the risk that the State may choose not to pursue the revenue source; may choose to distribute the suggested proposal to contractors on the Master list, or may choose to pursue the additional revenue on its own without the involvement of an outside contractor.

6. Control and Supervision

- a. The services provided by the Contractor to accomplish the Statement of Work shall be under the control, management, and supervision of the Contractor.

Notwithstanding the foregoing, any state or local agency may require additional terms and conditions that impact the control, management and/or supervision exercised by the Contractor in the performance of this Contract. These terms and conditions are necessitated by both the statutory requirements unique to certain agencies and the missions of these agencies to protect the health, welfare, privacy and safety of their employees, inmates, patients and wards of these entities, and the public. A state or local agency decision as to control, management and/or supervision issues governed by the terms and conditions set forth in the Task Schedule(s) shall be accepted by the Contractor and shall be final.

- b. It is Contractor's responsibility to arrange for appropriate facilities at which to perform its work, and the State shall not be responsible for providing Contractor with working facilities or assistance in arranging for working facilities at County offices. However, the State reserves the right to allow at its discretion access to its facilities and/or equipment by Contractor personnel for certain approved contract purposes.
- c. The State reserves the right to approve how the Contractor's personnel represent the State to the potential funding sources.
- d. The State reserves the right to disapprove for reasons of cause (i.e., non-performance, incompetence, etc.) the continuing assignment of Contractor personnel provided to service the State under this Agreement. If the State exercises this right, and the Contractor cannot immediately replace the disapproved personnel, the State agrees to an equitable adjustment in schedule or other terms that may be affected by such disapproval.
- e. The Contractor will make every effort consistent with sound business practices to honor the specific requests of the State with regard to assignment of its employees; however, the Contractor reserves the sole right to determine the assignment of its employees. If a Contractor employee is unable to perform due to illness, resignation, or other factors beyond the Contractor's reasonable control, the Contractor will make every reasonable effort to provide suitable substitute personnel.
- f. Contractor must comply with Public Contract Code (PCC) 10365.5.

EXHIBIT E

7. Description Of Contractor Services Performed:

For each revenue opportunity identified as a priority by the State, the Contractor will develop a detailed proposal of tasks to be performed, a detailed methodology and a reliable estimate of recoveries using the Task Schedule.

Before work described on a Task Schedule is begun, the State (ordering agency) will approve the Task Schedule and prepare and process through the Department of General Services, Procurement Division a Master Services Agreement (MSA) Order; this order will also be reviewed for approval by the Department of General Services, Office of Legal Services.

Once the Task Schedule is approved by the State and the Master Services Agreement (MSA) Order is processed and approved by the Department of General Services, the Contractor will begin to implement the Task Schedule within 30 days.

Under no circumstances will Contractor be paid for any work performed without written approval of a Task Schedule and MSA order, therefore in advance of the commencement of the work. The State's decision as to whether or not to approve a Task Schedule shall be accepted by the Contractor and shall be final.

8. Responsibilities of the State

- a. Except as allowed pursuant to paragraph 6b, above, the State shall not provide working facilities and/or equipment necessary for Contractor performance under this Agreement, such as reprographic services, computer time, key data entry, etc.
- b. The State is responsible for providing the necessary information regarding its operations so that the Contractor can have adequate information necessary to apply or otherwise make efforts to obtain new revenues on the State's behalf. The State will not be responsible to direct the Contractor to where new sources of revenues might be available.
- c. State shall report to Contractor, in a prompt and timely manner, all funds received by State on projects placed with Contractor.
- d. State shall use its best efforts to promptly inform Contractor of any change in the status of its operations that could affect the State's eligibility to receive the potential new revenues.
- e. State agencies will notify the Contractor if they receive payment of new funds due to the Contractor's efforts. State agencies will notify the Contractor when payments are received, but no later than thirty (30) working days after receipt of funds.
- f. The Contractor agrees that Contractor will perform the services for which the Contractor is responsible, that Contractor will accomplish this work in the manner and in the time stated in the Task Schedules, and that the Contractor will provide the deliverable items as required. This performance is predicated, however, on the State meeting its responsibilities in the time and manner described in the Task Schedules.

EXHIBIT E

9. Confidentiality of Data

- a. All financial, statistical, personal, technical and other data and information relating to the State's operation which are designated confidential by the State and made available to the Contractor in order to carry out this Agreement, or which become available to the Contractor in carrying out this Agreement, shall be protected by the Contractor from unauthorized use and disclosure through the observance of the same or more effective procedural requirements as are applicable to the State. The identification of all such confidential data and information as well as the State's procedural requirements for protection of such data and information from unauthorized use and disclosure shall be provided by the State in writing to the Contractor. If the methods and procedures employed by the Contractor for the protection of the Contractor's data and information are deemed by the State to be adequate for the protection of the State's confidential information, such methods and procedures may be used, with the written consent of the State, to carry out the intent of this paragraph. Unless otherwise required by law, Contractor shall not be required under the provisions of this paragraph to keep confidential any data or information which is or becomes publicly available, is already rightfully in the Contractor's possession, is independently developed by the Contractor outside the scope of this Agreement, is rightfully obtained from third parties, is required to be disclosed by order of a court of competent jurisdiction, administrative agency or governmental body, or by subpoena, summons or other legal process, or by law, rule or regulation, or by applicable regulatory or professional standards or it is disclosed by the Contractor in connection with any judicial or other proceeding involving the State and the Contractor (or any partners, principals or employees of the Contractor) (whether or not such proceeding involves any third parties) relating to the Contractor's services for the State or this Agreement.
- b. Notwithstanding any other provision of this contract, information safeguarded by Welfare and Institutions Code Sections 10850 and 14100.2 , or any other applicable provision of law, as confidential information concerning applicants for or recipients of public social services and health care benefits shall be used in accordance with the provisions of those sections and shall not in any case be used by Contractor for any purpose other than carrying out the express terms of this contract. Contractor shall not further disclose any such confidential information obtained in performance of this contract without prior authorization by the State. Any employee or other individual to whom Contractor grants access to such confidential information in performance of its duties under this contract shall be required to sign a written declaration recognizing the confidentiality of such information and further recognizing that unauthorized possession or release of such information constitutes a misdemeanor under Welfare and Institutions Code Sections 10850 and/or 14100.2. Such written declarations shall be kept on file by Contractor and shall be made available to the State upon request.
- c. Contractor understands and agrees that it must comply with all relevant provisions of the federal Health Insurance Portability and Accountability Act (42 U.S.C. Sec. 300gg), known as HIPAA, and all regulations promulgated under HIPAA.

10. Rights in Data

EXHIBIT E

- a. All technical communications and records originated or prepared by the Contractor pursuant to this Agreement including papers, reports, charts, computer programs, and other documentation, but not including Contractor's administrative communications and records relating to this Agreement shall be delivered to and shall become the exclusive property of the State and may be copyrighted by the State.
- b. The ideas, concepts, know-how, or techniques relating to debt collection, developed during the course of this Agreement by the Contractor or jointly by the Contractor and the State can be used by either party in any way it may deem appropriate.
- c. This Agreement shall not preclude the Contractor from developing materials outside this Agreement which are competitive, irrespective of their similarity to materials which might be delivered to the State pursuant to this Agreement.

11. Reporting, Invoicing, and Payment for Services

- a. The Contractor shall provide a monthly (or other term as directed by the Client Agency) written and oral status report, including a review of current and subsequent month's work plans and an analysis of any problems previously encountered and still unresolved or anticipated to be encountered. These reports will be made to the State representative named in Rider A (Task Schedule) and to any personnel deemed appropriate.
- b. The parties understand, agree and accept that the following represents an outline of the State's claiming process for purposes of this example situation:
 1. The claiming process for the state to receive federal funds is a lengthy and complicated one. In California, the state is the only entity that makes such claims to the Federal Government. The claims are made for each quarter of the federal fiscal year beginning in October. For example, a claim will be made for the actual funds expended in October 2002 through December 2002. The final claim for this quarter, or any quarter, is usually made 90 days after the end of the quarter. Therefore, the claim for the October 2002 to December 2002 quarter, would be made in April of 2003. From the time a state claim is made for federal funds, it takes approximately six months for the funds to be received by the state. Again using the same quarter as an example, if there are no delays caused by the federal agency or any other entity, the funds claimed would be received in approximately September 2003. If the funds were received in September 2003, the funds could then be allocated in the 2004 to 2005 Budget, which would be effective July 1, 2004.
- c. After the state has determined all of the following have occurred, the state shall notify the Contractor in writing that it may invoice the State and the amount of increased revenues that shall be used in computing the fee for the invoice:
 1. The State has received funds above the baseline
 2. All or part of the additional funds above the baseline is the result of

EXHIBIT E

policies or procedure proposed by the Contractor and/or work efforts undertaken by the Contractor pursuant to a Task Schedule and implemented by the state.

3. If the amount above the baseline is not all the result of implementation of policies or procedures proposed by the Contractor or a work effort by the Contractor, how much of the increase is the result of such implementation.

d. A properly prepared and documented invoice must shall include the following:

1. The amount of funds the State has received above the baseline
2. A summary of the policies or procedure proposed by the Contractor and implemented by the State which lead to the increased funds.
3. If the amount above the baseline is the result of implementation of policies or procedures proposed by the Contractor, how much of the increase is the result of such implementation.

12. Liabilities for Non-Disallowance-related Damages

- a. The state shall not be liable for any non-disallowance related consequential damages even if notification has been given as to the possibility of such damages.

Nothing contained herein shall limit Contractor's liability for personal injury and damage to property caused by Contractor's negligence or tortious act.

- b. Neither party to this Agreement shall be liable for damages resulting from delayed or defective performance when such delays arise out of causes beyond the control and without the fault or negligence of the offending party. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of the State in its sovereign capacity, fires, floods, power failure, disabling strikes, epidemics, quarantine restrictions, and freight embargoes.
- c. Contractor's acceptance of final payment of the amounts due under this Agreement shall operate as a release of the State, its departments, officers and employees, from all liabilities, claims and obligations whatsoever arising from or under this Agreement.

13. Liability related to disallowance of claims

Contractor will not recommend to the State or implement any new claiming policy without providing to the State written documentation of federal approval for the policy. Contractor will not proceed with performing work pursuant to a Task Schedule until such written documentation has been submitted to the State and the State has approved such written documentation in writing. However, the State may choose at its sole discretion to waive this provision in writing on a case-by-case basis.

If Contractor recommends a new claiming policy without such written documentation of federal approval and the State relies on Contractor's representation and implements the new claiming policy correctly and explicitly, and later the Federal Government

EXHIBIT E

determines that the new claiming policy violates or fails to comply with federal law or policy and the Federal Government assesses penalties, fines or monetary sanctions, then Contractor will be liable to the State for all of the fees paid to Contractor in connection with the disallowance, plus interest at the legal rate, and twenty-five percent (25%) of the penalties, fines or monetary sanctions assessed against the State by the Federal Government, but not including the amount of the disallowance.

In the event that the State or Federal Government assert that a claim, submitted on behalf of the State by the Contractor, or submitted by the State pursuant to the recommendations of the Contractor, is not in compliance with Federal policy, regulation or law, Contractor agrees to assist the State with all information and methodology used to develop the claim, and shall, if requested, provide the State with technical assistance necessary to contest any disallowance.

14. Assumption of Risk

Contractors expressly assume the risk of non-compensation for work performed under an executed Task Schedule if a claim based on said work is not submitted by the State or if additional revenue does not result from a claim that is filed.

Contractors expressly acknowledge that no compensation is available under this contract or in equity for work performed prior to the execution of a Task Schedule. Contractors further acknowledge that no compensation is available under this contract or in equity for, nor is any contractual or property right created by or in, any idea or strategy proposed or developed by a contractor in anticipation of or to induce the State to enter into an executed Task Schedule

15. Disputes

- a. Except where the State has specifically retained the right in this Agreement to make the final decision on a matter which Contractor must accept as final, any dispute concerning a question of fact arising under the terms of this agreement which is not disposed of within a reasonable period of time by the Contractor and State employees normally responsible for the administration of this contract shall be brought to the attention of the Chief Executive Officer (or designated representative) of each organization for joint resolution. At the request of either party, the State shall provide a forum for discussion of the disputed item(s), at which time the Deputy Director, Procurement Division of the Department of General Services, or a representative, shall be available to assist in the resolution by providing advice to both parties as to the State of California policies and procedures. If agreement cannot be reached through the application of high level management attention, either party may assert its other rights and remedies within this contract or within a court of competent jurisdiction.
- b. The rights and remedies of the State provided above shall not be exclusive and are in addition to any other rights and remedies provided by law or under the contract. Contractor shall continue with the responsibilities under this Agreement during any dispute.

16. Examination and Audit

EXHIBIT E

If at any time an audit exception is taken or an investigation is formally commenced by the Federal Government in regard to a basis for claiming developed under this Agreement, the State shall have the right to immediately cease submitting such claims pending resolution of the underlying dispute.

17. Performance Evaluation:

- a. In accordance with the California PCC 10367-10369, the State contracting agency, upon contract completion, will complete and forward the Contractor evaluation to the Department of General Services. The Contractor's performance under this agreement shall be evaluated at the conclusion of the term of this agreement. The evaluation shall include, but not be limited to:
 - 1) Whether the contracted work or services were completed as specified in the agreement and reasons for and amount of any cost overruns.
 - 2) Whether the contracted work or services met the quality standards specified in the agreement.
 - 3) Whether the Contractor fulfilled all requirements of the agreement.
 - 4) Factors outside the control of the Contractor, which caused difficulties in Contractor performance. Factors outside the control of the Contractor shall not include a Subcontractor's poor performance.
- b. The evaluation of the Contractor shall not be a public record.

18. Cancellation/Termination:

The State may terminate this Agreement and be relieved of any payments should the Contractor fail to perform the requirements of this Agreement at the time and in the manner herein provided. In the event of such termination the State may proceed with the work in any manner deemed proper by the State. All costs to the State shall be deducted from any sum due the Contractor under this Agreement and the balance, if any, shall be paid to the Contractor upon demand.

- a. The term "for cause" shall mean that the Contractor fails to meet the terms, conditions, and/or responsibilities of the contract.
- b. Contract termination or cancellation shall be effective as of the date indicated in the State's notification to the Contractor. The notice shall stipulate any final performance, invoicing or payment requirements.
- c. Notwithstanding any other provision of this contract or of law, if at any time during the operation of this contract the Federal Government adopts or promulgates a policy, law or regulation prohibiting States from entering into the contractual arrangement described in this contract, this contract shall immediately become void and of no further effect, and any sums otherwise due to Contractor under the terms

EXHIBIT E

of this contract or by any other remedy of law for services performed under this contract shall be forfeited.

- d. If this contract is terminated by the State or the contractor, the Contractor shall be entitled to receive the agreed-upon fee under this contract for the duration of each approved Task Schedule for new federal revenues directly attributable to services of the Contractor that have been completed by the Contractor prior to termination.

19. State's Discretion

After execution of the Task Schedule, the state department may decide, in the exercise of its discretion, at any time before filing a claim, that it will not file a claim. Under such circumstances, the state department's decision shall be final and shall not be subject to review. In the alternative, the state department and Contractor may negotiate and set forth in the Task Schedule certain periods during which the state department may, in its discretion, decline to go forward with the opportunity being developed by Contractor and may, in its discretion, decide that a claim shall not be filed based upon the advice of Contractor provided to date. The Contractor agrees to assume and does assume the risk that it will not be compensated for work performed if the State exercises such discretion, in both situations.

20. Priority of Provisions

If a conflict arises in regard to the interpretation and application of the terms and conditions governing this agreement, precedence shall be given as follows: 1) Master Services Agreement Order 2) State Contract for Revenue Maximization Services; 3) Task Schedule(s).

21. Licenses And Permits

The Contractor shall be an individual or firm licensed to do business in California and shall obtain at his/her expense all license(s) and permit(s) required by law for accomplishing any work required in connection with this contract.

In the event any license(s) and/or permit(s) expire at any time during the term of this contract, Contractor agrees to provide the State a copy of the renewed license(s) and/or permit(s) within 30 days following the expiration date. In the event the Contractor fails to keep in effect at all times all required license(s) and permit(s), the State may, in addition to any other remedies it may have, terminate this contract upon occurrence of such event.

22. Liability For Nonconforming Work

The Contractor will be fully responsible for ensuring that the completed work conforms to the agreed upon terms. If nonconformity is discovered prior to the Contractor's deadline, the Contractor will be given a reasonable opportunity to cure the nonconformity. If the nonconformity is discovered after the deadline for the completion of the project, the State, in its sole discretion, may use any reasonable means to cure the nonconformity.

EXHIBIT E

The Contractor shall be responsible for reimbursing the State for any additional expenses incurred to cure such defects.

23. Contract Violations

The Contractor acknowledges that any violation of section 10290 et. seq. of the Public Contract Code is subject to the remedies and penalties contained in PCC Sections 10420 through 10425.

24. Insurance Requirements

Contractor shall furnish to the State a certificate of insurance stating that there is commercial general liability and workers compensation insurance presently in effect for the Contractor of not less than \$1,000,000 per occurrence for bodily injury and property damage liability combined.

The certificate of insurance must include the following provisions:

1. The insurer will not cancel the insured's coverage without 30 days prior written notice to the State; and
2. The State of California, its officers, agents, employees, and servants are hereby named as additional insured but only with respect to work performed for the State of California.

Contractor agrees that the liability insurance herein provided for shall be in effect at all times during the term of this contract. In the event said insurance coverage expires at any time during the term of this contract, Contractor agrees to provide at least 30 days prior to said expiration date, a new certificate of insurance evidencing insurance coverage as provided for herein for not less than the remainder of the term of the contract, or for a period of not less than 1 year. New certificates of insurance are subject to the approval of the Department of General Services, and Contractor agrees that no work shall be performed prior to approval. In the event the Contractor fails to keep in effect at all times insurance coverage as herein provided, the State may, in addition to any other remedies, terminate this contract.

25. Liability For Loss And Damages

Any damages by the Contractor to the State's facility including equipment, furniture, materials or other State property will be repaired or replaced by the Contractor to the satisfaction of the State at no cost to the State. The State may, at its option, repair any such damage and deduct the cost thereof from any sum due Contractor under this contract.

26. Computer Software

Contractor certifies that it has appropriate systems and controls in place

EXHIBIT E

to ensure that state funds will not be used in the performance of this contract for the acquisition, operation or maintenance of computer software in violation of copyright laws.

27. Subcontractors

The contractor must have express written permission of the State to use any subcontractor for any percentage of the work. The subcontractor must meet all of the qualifications required of the contractor to perform the necessary services. The qualifications of the subcontractor and a narrative describing the management and control of the subcontractor shall be provided to the State, as part of obtaining written permission to utilize a subcontractor.

If a subcontractor was utilized to qualify for the MSA, the contractor does not need to get expressed written permission to utilize a subcontractor. However, if the contractor will be employing a replacement subcontractor, this new subcontractor must meet all of the qualifications required of the contractor to perform the necessary services.

EXHIBIT F

REVENUE MAXIMIZATION SERVICES

Contractor's Percentage of New Revenues

Percentage range of revenues to be kept by the State:

Between _____% and _____%

Percentage range of revenues to be paid to the Contractor:

Between _____% and _____%
(Not to exceed 15%)